ANNUAL REPORT

For the fiscal year ended March 31, 1986

Alberta

TREASURY

87-02301/

Alberta

PROVINCIAL TREASURER
224 Legislature Building, Edmonton, Alberta, Canada T5K 2B6 403/427-8809

December 1986

To The Honourable Dr. D. Carter
Speaker of the Assembly

Sir:

Pursuant to Section 52 of the Legislative Assembly Act, being Chapter L-10.1 of the 1983 Statutes of Alberta, I have the honour to lay before the Assembly the annual report of the Treasury department for the fiscal year ended March 31, 1986.

Respectfully submitted,

Dick Johnston

TABLE OF CONTENTS

I. TREASURY - THE YEAR IN REVIEW
Deputy Provincial Treasurers' Report 3
Organizational Chart 4
Functional Responsibility Statements 6

II. BRANCH AND DIVISION REPORTS

Management and Control
Office of the Controller 12
• Accounting 12
• Disbursement Control 12
• EDP Systems Support 12
• Payroll and Pensions 12
• Policies and Procedures 13
• Financial Information Systems Task Force 13
Budget and Fiscal Policy Branch
• Budget Bureau 14
• Budget Planning and Economics 14
• Tax Policy 15
Bureau of Statistics 16
Administration 16

Finance and Revenue
Finance Programs Branch
• Finance Planning and Analysis 20
• Loans and Guarantees 20
• Corporate Management Services 21
Revenue Branch
• Corporate Tax Administration 23
— Audit 23
— Interpretations and Appeals 23
— Operations 23
— Systems 24
• Revenue Administration 25
• Tax Information Services 27
Investment Management 28
Banking and Cash Management 29
• Investment Administration and Systems 30
Risk Management and Insurance 30

III. ALBERTA TREASURY BRANCHES 32

IV. ALBERTA GOVERNMENT PENSION BOARDS 33

V. APPENDICES
Acts Administered by Alberta Treasury 36
Publications Available from Alberta Treasury 37
Executive of the Department 39

DEPUTY PROVINCIAL TREASURERS' REPORT

It is a pleasure to report on the activities of Alberta Treasury for the year ended March 31, 1986. The Department is responsible for a wide variety of financial and administrative services which complement the activities of a broad spectrum of government departments and agencies. As well, thousands of individual Albertans — government employees, taxpayers, pensioners, farmers, and suppliers of goods and services — rely on the Department's financial services.

During this last fiscal year, Alberta Treasury undertook a number of important initiatives in programs relating to agriculture, energy and investment, in response to Government priorities.

With the emphasis on developing long-term strengths in the agricultural sector, Treasury played an active role in the implementation of the Alberta Farm Credit Stability Program. Immediate assistance was also provided to farmers through the doubling of the Alberta Farm Fuel Distribution Allowance (AFFDA) from 7¢ to 14¢ per litre effective January 1, 1985, and, AFFDA was extended to include unleaded fuel, effective July 1, 1985. The Department's operational staff responded quickly and efficiently to provide retroactive rebates to farmers benefiting from the enhanced AFFDA rate.

In response to Government initiatives to improve the financial position of the energy industry, the Department assisted in the review of incentives to this sector and in the implementation of significant measures including an increase to the royalty tax credit as part of the Alberta Oil and Gas Incentive Program introduced in June, 1985.

Following through on the initiative for private sector investment included in the *Position and Policy Statement on Enhancing the Alberta Capital Market*, published in September, 1985, the Department developed and implemented the Alberta Stock Savings Plan Act in consultation with the business and financial community. The Alberta Stock Savings Plan, implemented February 1, 1986, provides tax incentives to individuals investing in eligible shares of eligible corporations. Benefits of the Plan are delivered as tax credits through the personal income tax system. The certification of eligible share issues is administered by the Revenue Branch.

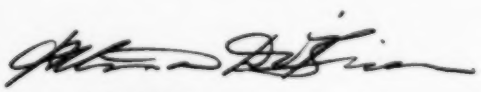
The Department, through the Budget and Fiscal Policy Branch, was also active in implementing the budgetary and administrative aspects of the reorganization of the Government departments announced in February, 1986. The Finance Programs Branch assisted with the development of the Government's financing program for supervised credit unions, and with the issue of Alberta Municipal Financing Corporation loans totalling $338 million.

Treasury has pursued a program of streamlining administrative and electronic systems to improve the Department's effectiveness and efficiency. The Finance Branch implemented a new investment information system, a cashflow forecasting system and an automated safekeeping system. Better service to client groups and reduced processing times were accomplished by the Revenue Branch through conversion to on-line systems in selected areas. The Office of the Controller continued the implementation of an integrated accounting and financial system with the conversion of eight departments; as a result, ten government departments were using the new system as of March 31, 1986.

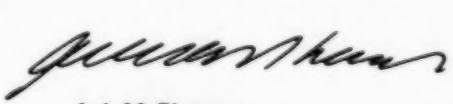
The Department has also successfully reduced the overall staff complement. Through the dedicated efforts of all Treasury staff, satisfactory levels of service have been maintained.

For the fiscal year covered in this report, the Department was under the capable direction of the Honourable Lou Hyndman. We wish to express our appreciation for his dedicated leadership and support. We are very pleased to welcome the Honourable Dick Johnston who has since taken on the responsibilities of Provincial Treasurer.

The Department and all of our staff are committed to providing sound and efficient financial management to the Government and people of Alberta.

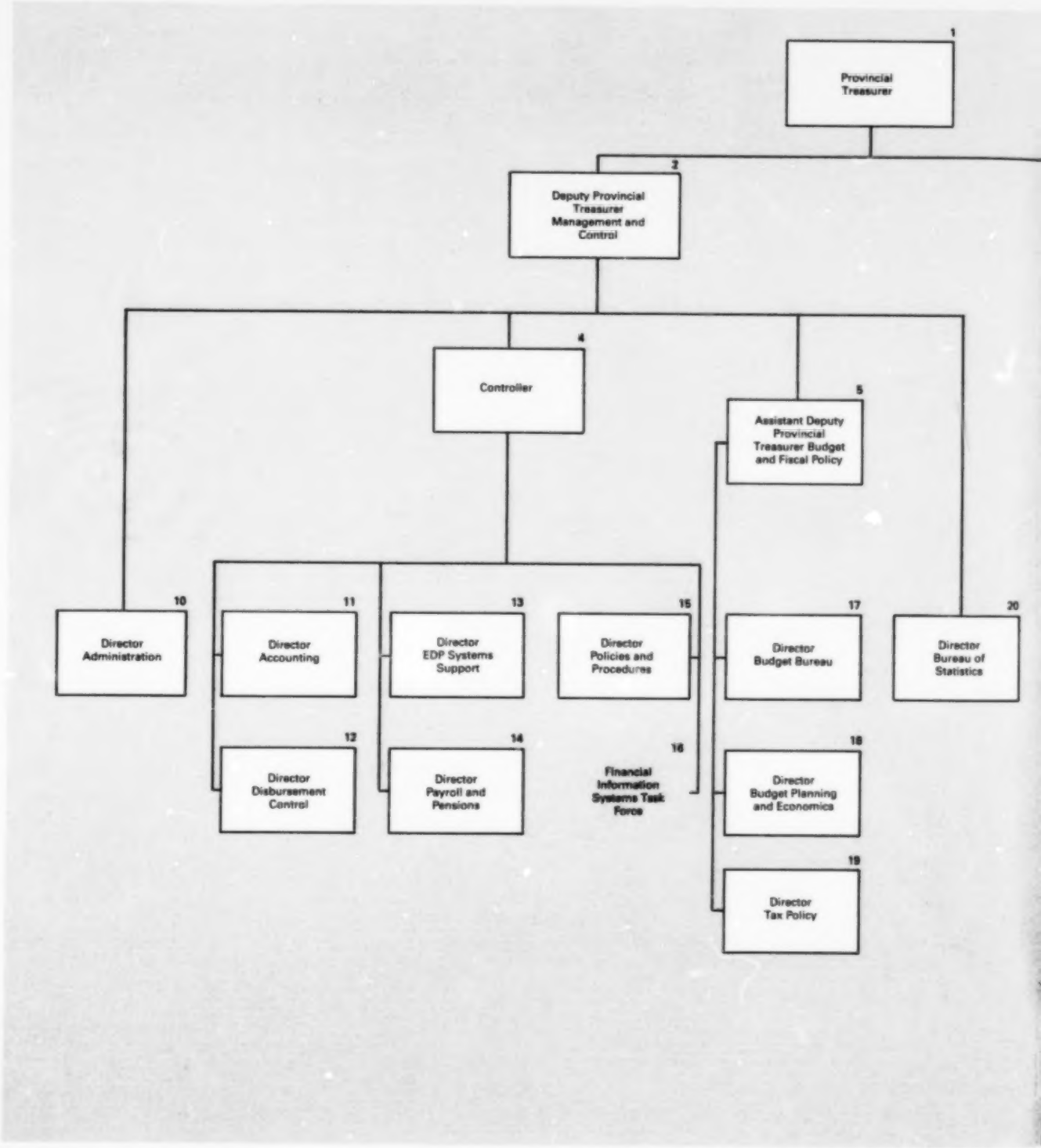


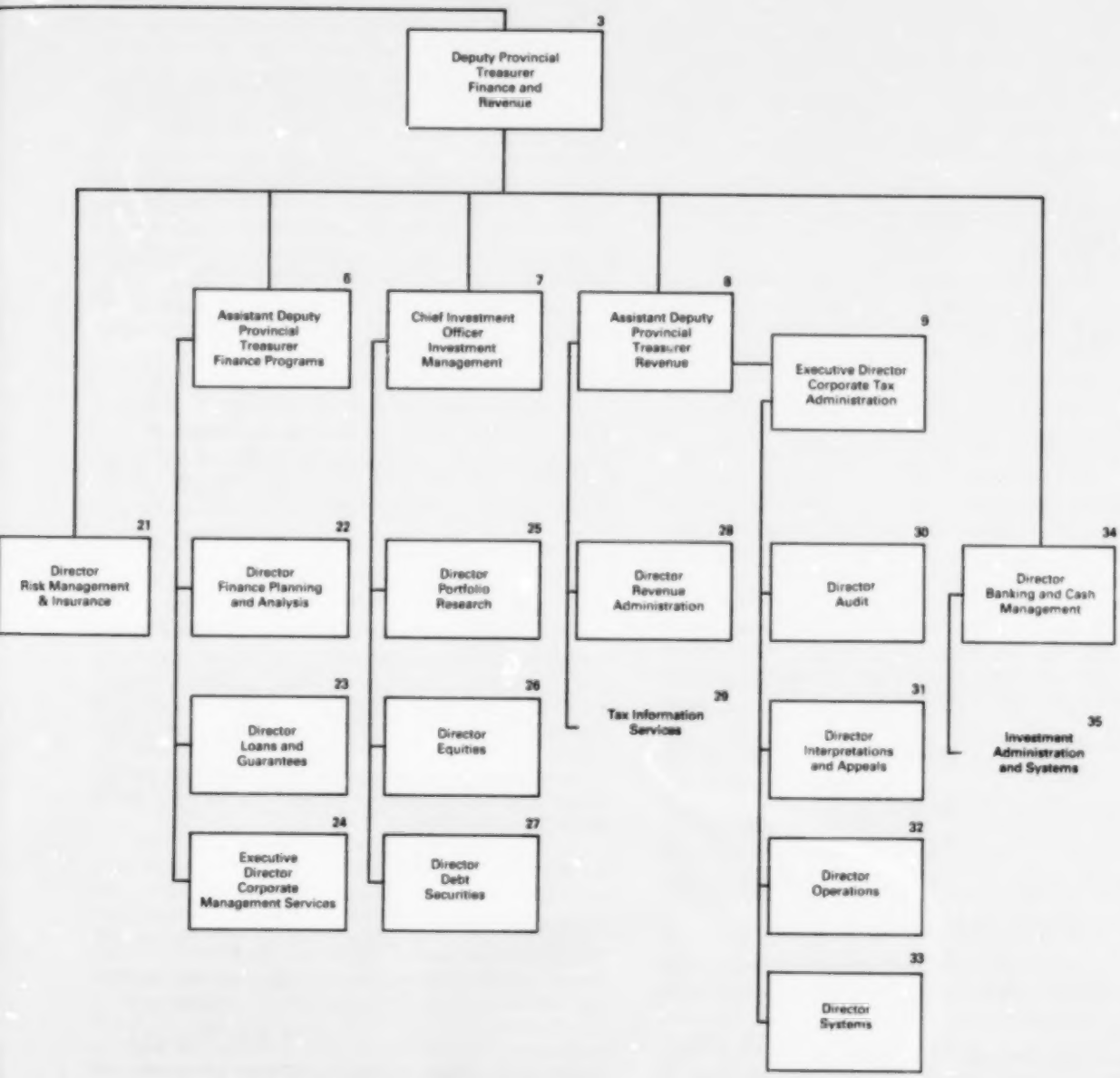
A.D. O'Brien
Deputy Provincial Treasurer
Management and Control



A.J. McPherson
Deputy Provincial Treasurer
Finance and Revenue

ORGANIZATIONAL CHART




3
Deputy Provincial Treasurer Finance and Revenue
6
Assistant Deputy Provincial Treasurer Finance Programs
7
Chief Investment Officer Investment Management
8
Assistant Deputy Provincial Treasurer Revenue
9
Executive Director Corporate Tax Administration
21
Director Risk Management & Insurance
22
Director Finance Planning and Analysis
23
Director Loans and Guarantees
24
Executive Director Corporate Management Services
25
Director Portfolio Research
26
Director Equities
27
Director Debt Securities
28
Director Revenue Administration
29
Tax Information Services
30
Director Audit
31
Director Interpretations and Appeals
32
Director Operations
33
Director Systems
34
Director Banking and Cash Management
35
Investment Administration and Systems

FUNCTIONAL RESPONSIBILITY STATEMENTS

1. PROVINCIAL TREASURER

The Honourable Dick Johnston

The Provincial Treasurer, in accordance with provisions of the Financial Administration Act, is responsible for the collection, management, control and reporting of revenue and expenditure; borrowings, investments, cash management; financial and budgetary procedures of the Crown, including the Alberta Heritage Savings Trust Fund; fiscal and economic planning; the development of tax policies and administration of corporate taxation and business incentives; and administration of public sector pension plans.

2. DEPUTY PROVINCIAL TREASURER MANAGEMENT AND CONTROL

A.D. O.Brien

The Deputy Provincial Treasurer, Management and Control, is responsible for financial control and reporting, budget planning and management, intergovernmental fiscal arrangements, tax policy, economic analysis, statistics, public sector pensions, and departmental administrative and financial services.

3. DEPUTY PROVINCIAL TREASURER FINANCE AND REVENUE

A.J. McPherson

The Deputy Provincial Treasurer, Finance and Revenue, is responsible for revenue and corporate tax administration; risk management and insurance programs; banking operations and administration of the Province's financial assets and liabilities including guarantees, borrowing, Crown agency financing, cash management and investment management; and the Alberta Heritage Savings Trust Fund.

4. CONTROLLER

A.G. Heisler

The Controller is responsible for controlling the receipt and disbursement of public funds, prescribing accounting and financial control policies, keeping or prescribing accounting records and systems, preparing the Public Accounts, and administration of government pension plans.

5. ASSISTANT DEPUTY PROVINCIAL TREASURER BUDGET AND FISCAL POLICY

G.L. Duncan

The Assistant Deputy Provincial Treasurer, Budget and Fiscal Policy, is responsible for management of the provincial expenditure budget planning, review and approval process; provision of policy research, analysis and recommendations on the Province's fiscal, economic, taxation and pension policies; intergovernmental fiscal relations; and development of legislation implementing the Government's tax policy decisions.

6. ASSISTANT DEPUTY PROVINCIAL TREASURER FINANCE PROGRAMS

J.M. Drinkwater

The Assistant Deputy Provincial Treasurer, Finance Programs, is responsible for management of the overall planning, administration and arrangement of all non-market investments for the Alberta Heritage Savings Trust Fund; financial and administrative aspects of advances and guaranteed loans; and development of policy and administrative procedures on a broad range of government financing arrangements including direct and guaranteed borrowing.

7. CHIEF INVESTMENT OFFICER INVESTMENT MANAGEMENT

S.J. Susinski

The Chief Investment Officer, Investment Management, is responsible for providing short-term and long-term investment management for various government accounts, and conducting capital market and investment risk analysis.

8. ASSISTANT DEPUTY PROVINCIAL TREASURER REVENUE

A.H. Kalke

The Assistant Deputy Provincial Treasurer, Revenue, is responsible for collection of tax revenues (corporate, fuel oil, tobacco, pari mutuel and insurance); administration of tax incentives; the review of fees and charges; administration of Alberta Farm Fuel Distribution Allowance and Public Utilities Income Tax Rebates; collection of past due government receivables; and certification of share issues — Alberta Stock Savings Plan.

9. EXECUTIVE DIRECTOR CORPORATE TAX ADMINISTRATION

J.D. Peters

The Executive Director, Corporate Tax Administration, is responsible for planning, developing and maintaining operational functions related to the administration of Alberta corporate income tax and tax credit programs, the insurance corporations tax and the Alberta Stock Savings Plan eligibility program; and communication of the provisions, procedures and programs under the Alberta Corporate Income Tax Act, the Insurance Corporations Tax Act and ensur-

ing the quality, effectiveness and timeliness of public contact.

10. ADMINISTRATION

Director: M.D. Faulkner

Administration is responsible for providing departmental support services, including a comprehensive personnel service, office accommodation, departmental financial services, library and research facilities, communication plans and projects, and general administrative support.

11. OFFICE OF THE CONTROLLER ACCOUNTING

Director: R.A.G. Lowen

Accounting is responsible for maintaining the principal financial records of the Government; preparing the Public Accounts; and initiating accounting and financial reporting policy development.

12. OFFICE OF THE CONTROLLER DISBURSEMENT CONTROL

Director: T.W. Burns

Disbursement Control is responsible for the payment of accounts systems for the Province; the authorization of departmental requests for payment; and the internal audit function for the Department.

13. OFFICE OF THE CONTROLLER EDP SYSTEMS SUPPORT

Director: F. Hartmann

EDP Systems Support is responsible for providing systems development and systems maintenance services to support the financial management information systems of the Office of the Controller.

14. OFFICE OF THE CONTROLLER PAYROLL AND PENSIONS

Director: E.J. Wilcox

Payroll and Pensions is responsible for operation of the central government payroll system as well as the collection of pension contributions and administration of benefits for six government pension plans.

15. OFFICE OF THE CONTROLLER POLICIES AND PROCEDURES

Director: M.H. Mylod

Policies and Procedures is responsible for advising government departments on appropriate financial systems and controls as well as financial control policies and procedures.

16. OFFICE OF THE CONTROLLER FINANCIAL INFORMATION SYSTEMS TASK FORCE

Co-ordinator: F. Scarfone

The Financial Information Systems Task Force is responsible for the co-ordination and control of the orderly development, documentation, implementation and maintenance of integrated financial systems for the Office of the Controller and their interaction with other Treasury and departmental systems.

17. BUDGET BUREAU

Director: G.G. Trogen

Budget Bureau is responsible for providing policy analysis and recommendations on matters affecting the Government's expenditure budget (General Revenue Fund).

18. BUDGET PLANNING AND ECONOMICS

Director: L.G. Morrison

Budget Planning and Economics is responsible for research, analysis and policy advice concerning short-term and medium-term budget planning for the Government; monitoring the Government's financial plan, current and future economic conditions in Alberta and Canada; pension policy; a variety of specific fiscal and economic issues; and intergovernmental fiscal relations.

19. TAX POLICY

Director: L.H. Landry

Tax Policy is responsible for reviewing legislation and policy options related primarily to Government revenues.

20. BUREAU OF STATISTICS

Director: H.W. Ford

The Bureau of Statistics is responsible for collecting, developing and distributing economic and social data for use by Government departments, other institutions, the business community and the general public.

21. RISK MANAGEMENT AND INSURANCE

Director: D. Murray

Risk Management and Insurance administers a program to protect, secure and preserve public assets against risk of accidental loss.

22. FINANCE PLANNING AND ANALYSIS

Director: R.A. Bhatia

Finance Planning and Analysis is responsible for

analysing budgets of Crown corporations and Heritage Fund capital projects; providing financial and policy analysis to help the Government make decisions on major project investments, on Heritage Fund plans, on Crown corporation financing, and on other issues.

23. LOANS AND GUARANTEES

Director: G.H. Kinsman

Loans and Guarantees is responsible for managing Government loans and guarantee programs and co-ordinating documentation for direct and guaranteed market borrowings.

24. EXECUTIVE DIRECTOR CORPORATE MANAGEMENT SERVICES

H.H. Strohbach

The Executive Director, Corporate Management Services, provides administrative support to the Alberta Municipal Financing Corporation and the Alberta Resources Railway Corporation.

25. INVESTMENT MANAGEMENT PORTFOLIO RESEARCH

Director: R.C. Kamp

Portfolio Research is responsible for economic research and forecasting for the division, capital market analysis, asset mix monitoring and performance measurement, as well as managing a number of investment portfolios.

26. INVESTMENT MANAGEMENT DEBT SECURITIES

Director: M. Husken

Debt Securities is responsible for the public debt investing activities of the division including the development of market strategy and the monitoring of the debt markets, as well as managing a number of investment portfolios.

27. INVESTMENT MANAGEMENT EQUITIES

Director: J. Campbell

Equities is responsible for the public equity investing activities of the division including the development of equity strategy and the monitoring of the equity markets, as well as managing a major portfolio.

28. REVENUE ADMINISTRATION

Director: L. Huisman

Revenue Administration collects consumer taxes and receivables in arrears, operates rebate programs and a central revenue office, and reviews fees and charges.

29. TAX INFORMATION SERVICES

Manager: C.J. Ward

Tax Information Services provides communication support services to the Revenue Branch; and information and enquiry services regarding corporate income tax programs, procedures and requirements.

30. CORPORATE TAX ADMINISTRATION AUDIT

Director: C.J. Calarco

Audit is responsible for carrying out verification of declared income tax and claims for incentive entitlements; and identifying areas where taxpayers have incorrectly declared income for tax purposes or incentive eligibility.

31. CORPORATE TAX ADMINISTRATION INTERPRETATIONS AND APPEALS

Director: J.R. Allan

Interpretations and Appeals is responsible for assisting taxpayers and tax practitioners in the interpretation of the Alberta Corporate Income Tax Act by providing rulings and opinions; responding to objections and appeals made by taxpayers with respect to assessed taxes; and certifying eligibility of stock issues under the Alberta Stock Savings Plan Act.

32. CORPORATE TAX ADMINISTRATION OPERATIONS

Director: L.M.L. Rokosh

Operations is responsible for maintaining tax rolls; processing corporate income tax returns and issuing notices of assessment/reassessment; maintaining taxpayer accounts; processing refunds and taxpayer remittances; collecting outstanding tax accounts; and responding to taxpayer enquiries pertaining to filed tax returns, notices of assessment and statements of account.

33. CORPORATE TAX ADMINISTRATION SYSTEMS

Director: J.W.K. Parton

Systems is responsible for providing systems and data processing services to support the administrative, operational and management information systems of the Revenue Branch; and providing administrative and financial services to Corporate Tax Administration.

34. BANKING AND CASH MANAGEMENT

Director: D.R. Bishop

Banking and Cash Management acts as the central point for the Government on banking and cash areas such as cash forecasting, investment receivables and debt payments, bank accounts and banking systems.

35. INVESTMENT ADMINISTRATION AND SYSTEMS

Manager: J. Parihar

Investment Administration and Systems ensures that investment transactions made by Treasury are executed properly and provides a custodial service to other government departments.

II. BRANCH AND DIVISION REPORTS

MANAGEMENT AND CONTROL

Office of the Controller
- Accounting
- Disbursement Control
- EDP Systems Support
- Payroll and Pensions
- Policies and Procedures
- Financial Information Systems Task Force

Budget and Fiscal Policy Branch
- Budget Bureau
- Budget Planning and Economics
- Tax Policy

Bureau of Statistics

Administration

OFFICE OF THE CONTROLLER

ACCOUNTING

FUNCTIONS

- Initiate accounting and financial reporting policy development and approve policy for implementation throughout the Government; review proposed legislation for accounting and financial reporting implications.
- Maintain the principal financial records of the Government; prepare interim and annual financial statements.
- Prepare consolidated financial statements for the Province; prepare the Public Accounts and supplementary report of payments by payee and reports of payments as required under the Legislative Assembly Act.
- Administer computer systems for:
  - — general ledger accounting;
  - — revenue accounting and reporting;
  - — control of accountable advances;
  - — control and reconciliation of issued, negotiated and replacement cheques; and
  - — payment reporting by payee.

YEAR IN REVIEW

- Maintained operational integrity of general ledger and other systems during mid-year conversions of four departments and related regulated funds to the Departmental Financial System/Central Financial System and transfer of investment portfolios to the Investment Information System.

DISBURSEMENT CONTROL

FUNCTIONS

- Examine disbursements for legality, authority and availability of funds.
- Operate the central government system for the payment of accounts, maintenance of payment records and the issuing of cheques.
- Review departmental systems to ensure compliance with prescribed standards for internal control.
- Provide an internal audit function for the Department.

YEAR IN REVIEW

- Processed approximately 3.1 million cheques through the central payment of accounts system. The supporting enquiry service responded to approximately 17 requests per day from vendors seeking assistance or information.
- Monitored departmental processing times for payment transactions throughout the year. Average processing time for the government was approximately 30 days at March 31, 1986.
- In conjunction with Banking and Cash Management, a transfer system was developed on a pilot project basis for direct deposit of major grant payments to the cities of Edmonton, Calgary and Medicine Hat.

EDP SYSTEMS SUPPORT

FUNCTIONS

- Provide systems development and systems maintenance services to support the financial management information systems of the Office of the Controller.

YEAR IN REVIEW

- Provided systems manpower resources to the Financial Information Systems Task Force for the enhancement of the Departmental Financial System/Central Financial System and in the conversion of additional departments to this system.
- Provided systems manpower resources to Payroll and Pensions for the development and implementation of a Pension Employer Accounting and Control System, a Wage Payroll System and the interfacing of the payroll systems with the Departmental Financial System/Central Financial System.
- Maintained and enhanced nearly 2,200 computer programs for 28 operating financial systems of the Office of the Controller.

PAYROLL AND PENSIONS

FUNCTIONS

- Control payroll disbursements in accordance with the Financial Administration Act and applicable legislation.
- Operate the central government payroll system.
- Administer six government pension plans, including the collection of pension contributions and determination and payment of pension benefits.

YEAR IN REVIEW

- Expanded the concept of annual reporting of pension contribution data to all employers participating in the government pension plans.
- Issued statements of account to all of the approximately 130,000 employee participants in the pension plans.

- Implemented a new on-line computer system operated by a private sector service bureau to process and account for annuity payments to pensioners.
- Implemented a new computer system for recording and controlling pension contribution remittances from employers.
- Assisted in the development of new pension statutes for the Local Authorities, Special Forces, Universities Academic, and Members of the Legislative Assembly Pension Plans. The new statutes were proclaimed effective November 1, 1985.
- Facilitated the publication of the pensioner newsletter "Postscript" on behalf of the Alberta Retired Public Employees Society.
- Commenced a new communications program focussed on educating participants and employers on all aspects of the pension plans. All information brochures and packages incorporate a unique visual appearance identifiable to Alberta Treasury and the plans.
- Presented and participated in 37 pension information seminars and 15 pre-retirement seminars attended by approximately 3,800 participants.
- Presented 37 employer workshops attended by approximately 1,000 representatives of over 300 employers of participants in the pension plans.
- Implemented a new Wage Payroll System for payment of hourly paid employees of government.
- Issued approximately 1.3 million payroll payments totalling over $1.5 billion to 65,000 employees and pensioners.
- As of March 31, 1986, there were over 130,000 participants in the pension plans actively contributing through 540 employers. The number of pensioners rose to 20,500, an increase of eight per cent.

POLICIES AND PROCEDURES

FUNCTIONS

- Develop and communicate accounting and financial control policies and procedures.
- Assist departments in developing and implementing accounting and financial control systems and procedures through training and advice.

YEAR IN REVIEW

- Co-ordinated the drafting of the report submitted by the Provincial Treasurer to the Public Accounts Committee on the recommendations of the Auditor General.
- Initiated a complete review of the Government's accounting and financial control policies and the rewriting of the Financial Administration Manual in which these policies are published.
- Assisted the Personnel Administration Office by making presentations on financial management and control to new managers in the Government.

FINANCIAL INFORMATION SYSTEMS TASK FORCE

FUNCTIONS

- Co-ordinate and control the orderly development and maintenance of integrated financial systems for the Office of the Controller and the interaction with other Treasury and departmental systems.
- Implement the Departmental Financial System/Central Financial System to meet central and departmental processing and financial management information requirements.
- Develop documentation for the integrated financial system.

YEAR IN REVIEW

- Directed the Task Force, established to develop and implement the Departmental Financial System/Central Financial System. The goal of the Task Force, which consists of employees from various divisions in the Office of the Controller, is to provide facilities for enhancing central financial control and expediting financial reporting, and to enable departments to meet their unique financial management information requirements. This is a major project that is being phased-in over a period of several years, with full implementation in 1988.
- Implemented the Departmental Financial System/Central Financial System in eight departments. There is now a total of ten departments operating on the integrated financial system.
- Implemented on-line processing of receipt of public funds to overcome delays between the actual bank deposit and the recording of the deposit within the system.

BUDGET BUREAU

FUNCTIONS

- Manage the annual expenditure budget planning and review process (General Revenue Fund).
- Provide research, analysis and recommendations concerning:
  - — departmental budget proposals;
  - — new or changed program policies;
  - — Supplementary Estimates;
  - — Special Warrants;
  - — funding and staff establishment reallocations; and
  - — draft legislation and regulations.
- Design and implement improved budget methodologies and administrative control policies across government, including those affecting electronic data processing in departments and agencies.
- Support the Secretary to the Treasury Board.
- Co-ordinate operations of the government Land Purchase Revolving Fund.

YEAR IN REVIEW

- Co-ordinated the publication of the 1985-86 Supplementary Estimates of Expenditure to fund government initiatives in agricultural assistance and small business support via equity corporations.
- Contributed to the design and development of a new Capital Fund to provide for the funding and debt financing of hospital and nursing home and post secondary education capital construction.
- Prepared analyses and co-ordinated the review of departmental submissions for the 1986-87 Estimates of Expenditure, including separate estimates for the Legislative Assembly and the new Capital Fund.
- Effected major improvements in the format of information provided to Treasury Board for its budget review deliberations.
- Acquired and installed a networked office automation system for the use of professional and clerical staff in the analysis and preparation of budget review documentation and the annual estimates of expenditure.
- Participated in the fourth annual Interprovincial Budgeting Practices Conference in Yellowknife in September, 1985. Budget practitioners from the federal government, nine provinces and the two territories met to exchange information concerning various budgeting techniques and policies.
- Initiated a divisional training program to specifically address the needs of the Bureau in developing its professional staff requirements.
- Co-operated with the Office of the Controller in implementing an automated process for transferring Salary Contingency Fund entitlements to each departmental appropriation. The entitlements are the result of in-year management salary adjustments and non-management market settlements.
- Assisted Executive Council in implementing the government reorganization announced in February, 1986.
- Published a major update of Treasury's Budget Policy and Procedures Manual.

BUDGET PLANNING AND ECONOMICS

FUNCTIONS

- Plan and co-ordinate the preparation of the annual provincial Budget Address including lead responsibility for the revenue estimates.
- Monitor the current economic situation and analyse the outlook for the provincial, national and international economies.
- Monitor and prepare forecasts of the Government's budgetary position, identifying factors affecting that position and analysing policy options.
- Analyse and make policy recommendations concerning the fiscal and economic aspects of:
  - — government social and economic programs and policies; and

— other issues such as fiscal and monetary policy, regional economic development and public sector compensation.

- Analyse and make policy recommendations on federal/provincial and provincial/municipal fiscal relations.
- Analyse and make policy recommendations for the six provincially administered pension plans and the Canada Pension Plan.

YEAR IN REVIEW

- Co-ordinated the planning and preparation of the 1986 Budget Address.
- Monitored and analysed Alberta's economic and budgetary performance throughout the year and participated in various interdepartmental committees.
- Prepared briefing material for several intergovernmental meetings of First Ministers and Finance Ministers.
- Participated in numerous federal/provincial and interprovincial meetings on fiscal and economic matters. Key topics for discussion included national fiscal and economic policies and fiscal arrangements.
- Established a new pension policy section within the division.
- Participated in federal/provincial discussions on pensions which culminated in an agreement to proceed with a financial and benefit improvements package of amendments to the Canada Pension Plan Act.
- Conducted an actuarial assessment of the liabilities and annual costs of the six pension plans administered by Alberta Treasury.
- Assisted in the preparation of new pension acts.
- Contributed to the preparation of the "Financial Summary and Budgetary Review, 1984-85".

TAX POLICY

FUNCTIONS

- Analyse the impact of federal and provincial tax policies, and recommend Alberta tax measures to serve specific objectives. Develop tax legislation.
- Liaise with Revenue Canada and Alberta Treasury Corporate Tax Administration and Revenue Administration with respect to the implementation and ongoing administration of tax programs.
- Provide research, analysis and recommendations on resource revenue proposals.

YEAR IN REVIEW

- Reviewed the May 23, 1985, and February 26, 1986, federal budgets and minimum tax, corporate loss transfer and corporate tax reform papers. Reviewed tax changes of other provinces.
- Provided analyses and input to the development of the Alberta Oil and Gas Incentive Program announced June 24, 1985.
- Provided analyses on issues such as tax reform, a federal value-added tax, tourism tax incentives, capital gains taxation and oil and gas industry "carve-outs".
- Provided analyses of proposals for an Alberta Stock Savings Plan, obtained ministerial approval for a plan, and co-ordinated drafting of Bill 2, The Alberta Stock Savings Plan Act.
- Identified necessary amendments, obtained ministerial approval and co-ordinated drafting of the Alberta Corporate Income Tax Amendment Act, 1985, and Bill 14, The Alberta Corporate Income Tax Amendment Act, 1986.
- Reviewed requests, obtained ministerial approval and prepared various income tax remission orders.

BUREAU OF STATISTICS

FUNCTIONS

- Serve as the central statistical agency of the Alberta government; operate under the Statistics Bureau Act.
- Determine and respond to the needs of various client groups (e.g. government, business, general public) including providing required statistical data for the policy and planning functions of the Alberta government and the decision-making processes in the private sector.
- Collect, compile, analyse and disseminate economic, demographic and social statistics on Alberta.
- Provide methodological and other statistically related assistance to, and co-ordinate the existing and proposed statistical activities of, government departments.
- Collaborate with Statistics Canada and other provincial focal points within the statistical system to minimize duplication and maintain statistical standards.

YEAR IN REVIEW

- Completed the development of a major enhancement to ASIST (Alberta Statistical Information System). This expands significantly the kinds of statistical data which can be placed on the system and also provides greater flexibility in searching, analysing and reporting data.
- Distributed approximately 56,000 Bureau publications, pamphlets and reports. Responded to over 7,700 requests for statistical information and services; the major clients were the provincial government (31 per cent) and business (28 per cent).
- Provided methodological consultations on statistical projects to government departments and agencies.
- Carried out several business-related surveys and co-ordinated responses of provincial departments to Statistics Canada surveys. To reduce the response burden faced by Alberta businesses, discontinued two surveys (Pay and Benefits and Place-to-Place Price Comparisons) on completion of the 1985 results.
- Used various administrative sources to develop and produce statistics, with emphasis on population, migration flows and unemployment. An improved ability to produce small area population estimates has resulted.
- Produced provincial economic accounts.
- Compiled population estimates for the Province, census divisions and, on behalf of individual departments, for specific administrative regions.
- Increased the number of administrative regions on the small area geographic referencing system; developed a micro-computer based small area geographic identification system.
- Represented Alberta on a number of federal/provincial statistical co-ordinating committees. Major activities included providing provincial input to the development of the 1986 Census of Canada, seeking effective ways to deal with the significantly increased costs for Statistics Canada output, and developing a paper on the Bureau's activities in extracting statistics from administrative records.
- Publications available from the Alberta Bureau of Statistics are listed in Appendix B. In addition, a number of shorter reports and pamphlets, covering various demographic and economic topics, are available upon request.
- **Note**: A Users' Guide is available to those interested in further information. This brochure presents an overview of information and services available through the Alberta Bureau of Statistics. Included are sections on how to obtain information, a discussion of program objectives and activities and a brief description of each of the Bureau's publications.

ADMINISTRATION

FUNCTIONS

- Provide advice and assistance to the Department by establishing standards for, and by carrying out, the recruitment and selection process, the training and development function, employee relation activities, the pay and benefits program and the collective agreements between the Gov-

ernment and the Alberta Union of Provincial Employees as they relate to Treasury.

- Analyse and effect position classification or reclassification requests.
- Prepare the annual departmental budget and EDP Plan and monitor expenditures throughout the year.
- Establish and maintain accounting records and procedures for the Department, ensuring adequate financial control.
- Develop, evaluate and implement enhancements to the records management program.
- Co-ordinate and assist with proposed legislative changes or recommendations, Treasury Board Directives, Authorizations and Orders in Council, etc.
- Supply administrative support services for the Department, including space management, parking, security, conference co-ordination, telecommunications, mail and courier services.
- Plan, prepare, produce and distribute publications.
- Participate in various departmental communications committees and assist with the internal and external communication needs of the Department.
- Develop, recommend and implement approved internal administrative policies and procedures within the Department.
- Provide office automation systems support to the Department.
- Provide library materials, a reference service related to the departmental Official Documents and other services to support the Department's information needs.
- Administer attachment of wages and salaries of government employees, pursuant to the Civil Service Garnishee Act and federal statutes.
- Procure departmental supplies and equipment.

YEAR IN REVIEW

- Completed conversion of Workers' Compensation payments to the assessment system which will charge the premiums to departments via the payroll system.
- Completed an internal Office Automation Policy proposal to assist in co-ordinating standardized systems within the Department.
- A department-wide survey was conducted by the TRENDS Committee to obtain feedback on issues regarding staffing, career development, work environment and employee performance appraisals. Actions have been undertaken to meet the needs of the Department as identified in the survey.
- A new orientation publication entitled "Turning to Treasury" and a new audio-visual presentation were developed to provide comprehensive information to new employees on benefits, compensation, conditions of employment, career development and to familiarize them with the functions of the Department.
- Staff communication was enhanced through the production of 11 issues of Treasury Staff Matters.
- Distributed more than 70,800 copies of 19 annual or periodical publications and responded to a further 8,000 requests for information. Publications available are listed in Appendix B.

Selected Transactions During Fiscal Year 1985-86 (a)

	Hirings	Separations	Positions Classified and Reclassified
Managerial	5	9	6
Professional	32	38	38
Technical	29	30	45
Support	79	87	53
Other	—	—	—
	145	164	142

(a) Excludes Alberta Treasury Branches.

Position Establishment at March 31, 1986 by Classification (a)

	Occupied	Vacant	Total
Managerial	190	5	195
Professional	125	16	141
Technical	122	13	135
Support	347	31	378
Other	2	—	2
	786	65	851

(a) Excludes Alberta Treasury Branches.

BRANCH AND DIVISION REPORTS

FINANCE AND REVENUE

Finance Programs Branch
- Finance Planning and Analysis
- Loans and Guarantees
- Corporate Management Services

Revenue Branch
- Corporate Tax Administration
  - Audit
  - Interpretations and Appeals
  - Operations
  - Systems
- Revenue Administration
- Tax Information Services

Investment Management

Banking and Cash Management
- Investment Administration and Systems

Risk Management and Insurance

FINANCE PLANNING AND ANALYSIS

FUNCTIONS

- Co-ordinate Treasury's planning and policy analysis for the Alberta Heritage Savings Trust Fund.
- Review potential investments where government support or investment is being considered and advise whether investment criteria of the Alberta and Energy Investment Divisions of the Heritage Fund can be met.
- Analyse and provide recommendations on capital budgets, program initiatives and financing requirements of provincial Crown corporations.
- Provide analysis on a broad range of financial issues and proposed initiatives for the purpose of recommending alternatives to integrate the economic and financial policies of the Government.
- Manage the budget cycle for the Capital Projects Division of the Alberta Heritage Savings Trust Fund, including analysis of budgets, the preparation of Estimates and the review of funds transfer and program change proposals.
- Prepare the quarterly and annual reports of the Alberta Heritage Savings Trust Fund; prepare those sections of the Budget Address and other publications related to the Heritage Fund and provincial Crown corporations.

YEAR IN REVIEW

- Together with Budget Planning and Economics and Budget Bureau, developed options and recommendations relating to the establishment of the Capital Fund. The division also worked with Legislative Counsel on amendments to the Financial Administration Act, to be introduced in the Summer Session of the Legislature, to implement the Fund.
- Provided financial and policy analysis as input to the development of the Alberta Farm Credit Stability Program and its funding.
- Reviewed and analysed a number of reports relating to the regulation of the financial sector such as the federal Green Paper *The Regulation of Canadian Financial Institutions: Proposals for Discussion*. The division also provided input to an interprovincial working group examining policy and structural alternatives for the provision of Deposit Insurance.
- Provided financial forecasts and analyses relating to the Alberta Heritage Savings Trust Fund as input to the Province's budget planning process. Work was initiated and significant progress made on a new income and cash flow forecasting system for the Heritage Fund.
- Analysed the capital budgets, program initiatives and financing requirements of major provincial corporations, including Alberta Mortgage and Housing Corporation, Alberta Opportunity Company and Alberta Agricultural Development Corporation.
- Reviewed the budget proposals for Heritage Fund Capital Projects Division projects and prepared estimates to be introduced in the Legislature.

LOANS AND GUARANTEES

FUNCTIONS

- Document and administer investments made under the auspices of the Alberta Heritage Savings Trust Fund and selected General Revenue Fund investments.
- Provide analysis and advice on a broad range of investment and guaranteed loan proposals considered by the Government.
- Document, administer and report on loans guaranteed under various government programs.
- Develop policy recommendations and regulations regarding guaranteed loans.
- Provide analysis and recommendations on financing proposals with respect to Alberta financial institutions.
- Administer and control a variety of advances to funds and agencies.
- Co-ordinate documentation of direct and guaranteed market borrowings.

YEAR IN REVIEW

- Assisted in government loan arrangements with Millar Western Industries Ltd. for a pulp mill in Whitecourt.
- Co-ordinated the documentation for guaranteed market borrowings for Alberta Government Telephones Commission.

- Assisted in the development of the Government's announced financing assistance for supervised credit unions.
- Developed and implemented automated financial projection systems for analysing project financings.

CORPORATE MANAGEMENT SERVICES

FUNCTIONS

- Provide accounting, investment and debt management services to the Alberta Resources Railway Corporation.
- Manage the affairs of the Alberta Municipal Financing Corporation, a non-profit Crown corporation established to:
  - assist municipalities and other eligible local authorities to obtain capital funds at the lowest possible cost;
  - issue debentures of the corporation, guaranteed as to principal and interest by the Province of Alberta, to obtain funds for local authorities at more advantageous rates than could be arranged by municipal governments borrowing independently.

YEAR IN REVIEW

- Alberta Resources Railway Corporation:
  - The outstanding long-term debt of the corporation at the end of 1985 was $103.4 million, with assets in the sinking fund totalling $54.2 million.
- Alberta Municipal Financing Corporation:
  - The gross outstanding long-term debt of the corporation was $5.8 billion as of December 31, 1985.
  - New loans issued in 1985 totalled $338 million, a decrease of $216 million from the $554 million in total loans made in 1984.
  - The capital required in 1985 to satisfy the needs of municipal, school and hospital authorities was obtained by the corporation largely from the Canada Pension Plan Investment Fund. No market borrowing was undertaken in 1985.
  - Debt redemptions in 1985 totalled $50 million, consisting of $45 million in Canadian public issues and $5 million in U.S. public issues.
  - Total outstanding loans receivable were nearly $5 billion at the end of 1985. Of this total, 79.9 per cent were borrowed originally for municipal purposes, 19.8 per cent for school purposes and 0.3 per cent for hospital purposes.
  - Interest rates changed several times during 1985, ranging from a high of 13-1/8 per cent to a low of 11 per cent for 20-year term loans.
  - Loan prepayments in 1985 totalled $27 million compared to $46.5 million in the previous year.

Note: Alberta Municipal Financing Corporation statistical tables appear below and on the following page.

The outstanding debt of the Alberta Municipal Financing Corporation at the end of 1985 stood at $5.793 billion. The assets in the Sinking Fund totalled $1.127 billion, leaving the net debenture debt of the corporation at $4.666 billion at December 31, 1985. The outstanding debt is analysed as follows:

(thousands of dollars)	Gross Outstanding Dec. 31, 1985	Deduct Sinking Fund Assets	Net Debenture Debt Dec. 31, 1985
Canada Pension Plan Investment Fund	$3,268,141	$ 734,151	$2,533,990
Government of Alberta	1,724,000	187,585	1,536,415
Public:			
Canada	789,180	205,074	584,106
United States	11,823	—	11,823
Total	$5,793,144	$1,126,810	$4,666,334

The Alberta Municipal Financing Corporation has loaned over $7.6 billion to municipal jurisdictions since its inception in 1956. Of this amount, $4.956 billion remains outstanding as of December 31, 1985. These loans are analysed as follows:

(thousands of dollars)	Principal Outstanding Dec. 31, 1984	New Loans Issued 1985	Principal Repaid 1985	Principal Outstanding Dec. 31, 1985
By Jurisdiction				
Cities:				
Airdrie	$ 10,862	$ 500	$ 291	$ 11,071
Calgary	1,495,187	80,000	45,386	1,529,801
Camrose	17,628	290	561	17,357
Drumheller	9,682	489	365	9,806
Edmonton	1,599,714	85,000	77,143	1,607,571
Fort McMurray	17,963	846	1,237	17,572
Fort Saskatchewan	10,855	57	313	10,599
Grande Prairie	59,307	—	1,561	57,746
Leduc	15,472	495	549	15,418
Lethbridge	52,464	3,161	2,890	52,735
Lloydminster	21,822	335	576	21,581
Medicine Hat	61,813	1,720	14,678	48,855
Red Deer	75,309	1,383	2,296	74,396
St. Albert	39,356	99	699	38,756
Wetaskiwin	13,870	313	517	13,666
Total Cities	3,501,304	174,688	149,062	3,526,930
Towns	330,461	13,837	18,323	325,975
Villages	40,552	1,818	1,820	40,550
Counties — School	150,412	28,565	9,299	169,678
— Other	47,867	5,772	4,622	49,017
Municipal Districts	5,812	524	217	6,119
Improvement Districts	5,238	—	74	5,164
Irrigation and Water Services	17,716	—	1,155	16,561
Hospitals	8,132	—	706	7,426
School Districts and Divisions	745,745	112,341	49,597	808,489
	$4,853,239	$337,545	$234,875	$4,955,909
By Purpose				
Municipal	$3,938,249	$196,614	$174,689	$3,960,174
Hospital	16,638	25	1,136	15,527
School	898,352	140,906	59,050	980,208
	$4,853,239	$337,545	$234,875	$4,955,909

Note: Alberta Municipal Financing Corporation year-end is December 31. Detailed information is available in its annual report which may be obtained from the address listed in Appendix B.

CORPORATE TAX ADMINISTRATION

AUDIT

FUNCTIONS

- Develop and maintain the audit capability of the Alberta Corporate Income Tax Act (ACITA), while encouraging voluntary compliance, deterring tax avoidance and ensuring uniform application of the law.
- Utilize efficient audit techniques, including sophisticated computer software, to identify potential candidates for audit.
- Maintain a program of limited "desk" audits and in-depth "field" audits.
- Co-ordinate Alberta tax audit activities, where possible, with other agencies and governments to avoid duplication of audit effort.

YEAR IN REVIEW

- Expanded field audit coverage to include out-of-province and out-of-country audits and enhanced compliance activity associated with the Royalty Tax Credit Program.
- Developed an automated interface with Energy and Natural Resources to enable verification of royalty data. This will simplify the verification process associated with field audit activity.
- Continued to evaluate and monitor potential or perceived abuses of Alberta corporate tax incentive programs and pursued recoveries through civil litigation.
- Resolved a number of issues related to the allocation of taxes to Alberta and undertook a number of taxable income audits on a test basis to ensure correct reporting for Alberta purposes.
- Evaluated and enhanced the computerized audit selection criteria to streamline corporate file analysis and increase audit efficiency and cost effectiveness.

INTERPRETATIONS AND APPEALS

FUNCTIONS

- Issue binding advance tax rulings to clarify tax implications of major business transactions.
- Review taxpayers' objections and confirm, vary or vacate assessments in conformity to the law.
- Provide information to the corporate tax community by publishing interpretation bulletins, information circulars and rulings.
- Respond to technical enquiries.
- Draft proposed legislation, especially from an administrative perspective.
- Establish eligibility of stock issues under the Alberta Stock Savings Plan Program.

YEAR IN REVIEW

- Reviewed amendments to the Alberta Corporate Income Tax Act resulting from federal and provincial initiatives to determine and advise on their administrative implications.
- Proposed a number of legislative changes which were subsequently enacted.
- Participated in the preparation of legislation, forms and procedures for the Alberta Stock Savings Plan Program (ASSP).
- Reviewed applications for Provisional Certificates of Eligibility for ASSP pursuant to the draft legislation.
- Assisted legal counsel in the preparation and conduct of complex tax litigation cases.

OPERATIONS

FUNCTIONS

- Identify corporations subject to the Alberta Corporate Income Tax Act and maintain the taxroll; ensure each corporation files information and returns as required by law, voluntarily or by legal enforcement.
- Develop and maintain accounting, assessment and collections functions for Corporate Tax Administration.
- Administer the receipt of payments and verify the accuracy of returns under the Alberta Insurance Corporations Tax Act.
- Maintain corporate accounts, which includes processing taxpayer remittances, issuing statements of account, and issuing refunds.
- Ensure all documents concerning corporate registration and filing, as well as administrative correspondence and other documents, are accurately and securely maintained on file.
- Provide an enquiry service allowing corporations to determine the status of their tax accounts; assist taxpayers in resolving account discrepancies and make adjustments where necessary.

YEAR IN REVIEW

- Enhanced assessment/reassessment processes to accommodate tax returns affected by new leg-

islation and to ensure all returns are processed in a timely manner.

- Converted some taxroll and accounting transactions to on-line processing to eliminate costly manual processes and reduce elapsed processing times.
- Implemented a new on-line system to support the Insurance Corporations Tax Act to allow for more flexible operations, easier maintenance and better service.
- Reviewed and modified documentation mailed to taxpayers, i.e. Notices of Assessment and Reassessment, Statements of Account and Detailed Statements of Account. These documents were reformatted and enhanced to provide additional clarity and ensure that appropriate information was provided in a logical and consistent manner.
- Commenced a detailed evaluation of existing reassessment processes in order to increase efficiency, reduce elapsed processing times and respond more quickly to taxpayer enquiries.
- Increased the monitoring of compliance and collection functions and enhanced procedures and interfaces with Crown Debt Collections to reduce the number of corporations which have not filed tax returns or which have outstanding tax accounts.

SYSTEMS

FUNCTIONS

- Plan and manage the development, implementation, operation and maintenance of systems to support the operational, management and administrative functions of the Revenue Branch.
- Provide data processing services and facilities to Corporate Tax Administration and Revenue Administration.
- Develop and maintain procedure manuals and forms required for the operations of the Revenue Branch.
- Provide administrative, financial and personnel support services to Corporate Tax Administration.

YEAR IN REVIEW

- Undertook a major systems design project to implement legislative changes related to the Manufacturing and Processing Profits Deduction.
- Implemented four major systems enhancement releases to upgrade the Corporate Income Tax Administration System with legislative and administrative policy changes, manpower saving system enhancements and improved management reporting.
- Commenced a program to restructure the entire reassessment process on the workstation concept. This will allow an assessor to work interactively with the database to complete a reassessment in a single processing step and significantly reduce elapsed processing times.
- Developed a system to generate taxation statistical reports incorporating year-to-year comparisons which may form an appropriate base for policy analysis.
- Reviewed and evaluated many reports produced by the corporate income tax system and optimized computer processes which produce these reports in order to eliminate unnecessary processing.
- Commenced a project which will establish the future structure of the corporate income tax system and provide a basis for future development of a more flexible and less complex database.

CORPORATE TAX ADMINISTRATION

STATISTICAL HIGHLIGHTS

(Unaudited)

	1985/86	1984/85
TAX RETURNS		
Number Received	103,450	108,250
Number Assessed	105,142	109,163
Number Reassessed	16,627	13,265
PAYMENTS		
Number Received	86,263	88,345
Dollar Value	$ 842,257,000	$ 883,995,000
ASSESSMENTS		
Corporate Taxable Income Allocated to Alberta	$9,230,367,000	$7,863,136,000
Dollar Value of Corporate Income Tax Assessed	$ 801,283,000	$ 700,047,000
Dollar Value of Refundable Tax Credit Assessed	$ 355,827,000	$ 540,339,000
OTHER OPERATING INFORMATION		
Number of Advanced Rulings Issued	26	14
Number of Notices of Objection Disposed of	84	70
Number of Files Reviewed for Audit Purposes	409	334
Number of Telephone Enquiries Received from Corporations	18,000	19,000

REVENUE ADMINISTRATION

FUNCTIONS

- Collect, audit and account for taxes due under the provisions of the Fuel Oil Administration Act, the Tobacco Tax Act, and the Pari Mutuel Tax Act.
- Administer the provision and control of the Alberta Farm Fuel Distribution Allowance (AFFDA), and the Alberta Domestic Heating Oil Allowance, and the retroactive farm fuel oil grants.
- Administer the Utility Companies Income Tax Rebate program.
- Operate a central collection service for government to maximize the recovery of accounts and loans in default owing to the Crown.
- Develop and encourage good collection and receivables management procedures and appropriate collection efforts by departments and agencies.
- Make recommendations for compromises, remissions or write-offs of accounts and loans receivable.
- Operate a central revenue deposit service for government.
- Review and evaluate revenue sources such as fees, permits and other miscellaneous types of revenue and recommend changes to improve the cost-effectiveness or efficiency of the revenue collection process.
- Administer credit card applications by departments to permit the use of these cards by the public to purchase certain goods and services.
- Disseminate information and provide assistance to departments and agencies concerning federal sales tax regulations and their implications.

- Co-ordinate the cost accumulation and claiming process under various federal/provincial cost-shared programs.
- Contract for and co-ordinate the armoured car service for the Government.

YEAR IN REVIEW

- Implemented the extension of the Alberta Farm Fuel Distribution Allowance (AFFDA) program in July, 1985, to include unleaded fuel; a change that was well received by farmers and which required contact with each bulk fuel agency to provide dye and instructions for dyeing fuel and to outline administrative procedures.
- Initiated a complete renewal of applications for the AFFDA and the Domestic Heating Oil Allowance (DHOA) benefits. This involved the introduction of direct contact with over 50,000 individuals (mainly farmers), who had their declarations processed by March 31, 1986, and received the newly implemented fuel user identification number.
- Developed a new computerized system to process AFFDA applications. The purpose of the system is to improve eligibility screening, reduce manpower requirements, and, together with the new toll-free telephone lines, enhance the information and public communication systems.
- Implemented an increase in the AFFDA subsidy from 7¢ to 14¢ per litre effective January 1, 1985, and issued retroactive payments in respect of this increase, involving the processing of 45,000 claims by March 31, 1986.
- Expanded communication efforts by hosting (jointly with Consumer and Corporate Affairs) a total of 17 province-wide meetings with bulk fuel dealers, and meeting with oil company marketing representatives and tobacco tax collectors.
- Increased collection of receivables through Crown Debt Collections (CDC) by 26 per cent to a total of $5.3 million.
- Increased number of accounts held for collection action by over 600 per cent to 109,284. This was due mainly to the commencement of collection of outstanding health care premium accounts.
- Issued revised "Guidelines for Collection and Control of Accounts Receivable" to Senior Financial Officers of provincial government departments and reviewed departmental receivables management systems with a view to minimizing debts in default, increasing probability of collection and achieving a consistent approach to receivables management across government.
- Reviewed a total of 485 fees and charges in various departments, of which 281 were increased, resulting in an estimated increase in annual revenue of $8.3 million.
- Recommended approval for six departments to accept credit cards for various services which resulted in increased sales in two departments and reduced costs in others.
- Continued to co-ordinate and process claims under various federal/provincial cost-sharing agreements, including two new sub-agreements — the Tourism Sub-Agreement and the Northern Development Agreement (under the Economic and Regional Development Agreement) and also the new Agricultural Food Processing and Marketing Agreement.
- Conducted an audit, jointly with Quebec Revenue staff, of an out-of-province operation, in line with the stated objective of tax administrators to combine audit resources where feasible.
- Assisted Alberta Attorney General in developing effective collection procedures and systems required for the establishment of the new Maintenance Enforcement Program.

STATISTICAL HIGHLIGHTS

(Unaudited)
($ thousands)

	1985/86	1984/85
REVENUES COLLECTED		
Taxes		
Fuel Oil Tax	$ 5,709	$ 6,045
Tobacco Tax	100,050	100,169
Pari Mutuel Tax	9,209	9,447
Payments from Government of Canada		
Cost Shared Programs		
Nutritive Processing Assistance	2,693	2,826
Statutory Subsidies	3,646	3,644
MANAGEMENT OF PAST-DUE GOVERNMENT RECEIVABLES		
Collections	5,318	4,232
Compromises*	413	217
Remissions*	986	171
PAYMENTS TO SUBSIDIZE ALBERTA CONSUMERS		
Farm Fuel Costs	118,351	61,558
(Alberta Farm Fuel Distribution Allowance, Domestic Heating Oil Allowance and Retroactive Fuel Oil Grants)		
Householder Utility Costs	294,859	268,617
(Utility Companies Income Tax Rebate Program)		

* Includes only those compromises and remissions approved arising from past due accounts transferred to Crown Debt Collections by departments.

TAX INFORMATION SERVICES

FUNCTIONS

- Communicate the provisions of the Alberta Corporate Income Tax Act to tax preparers and the business community through an enquiry response service, and monitor and report public comments to senior management.
- Produce and distribute technical and general publications related to the Act, Corporate Tax Administration and the Alberta Stock Savings Plan.
- Monitor the quality, accuracy, consistency and timeliness of all external communications.
- Identify other communications needs and coordinate the resulting public information programs.
- Monitor the internal communications needs of the organization.

YEAR IN REVIEW

- Through office locations in Edmonton and Calgary, responded to approximately 11,000 telephone enquiries for corporate tax information and referred an additional 5,000 calls to appropriate areas within Corporate Tax Administration

(CTA) or to other levels of government; accommodated personal visits from approximately 1,800 corporate taxpayers requesting information.

- Developed two introductory administrative and tax seminars for monthly presentations to new CTA staff. Special orientations were also provided for new Assessments and Audit staff. Prepared a training manual for new CTA enquiries staff.
- Co-ordinated printing and distribution of information circulars, interpretation bulletins, issues of "Tax Notes", a revised AT1 guide and a new Alberta Stock Savings Plan brochure for potential investors requiring general information.
- Conducted a tax administration survey of approximately 400 tax practitioners to solicit responses to Corporate Tax Administration's communications and administrative practices.
- Co-ordinated provision of a CTA speaker service for the tax and business communities, and prepared speeches and background material for presentations; participated at small business fairs in Edmonton and Calgary.

INVESTMENT MANAGEMENT

FUNCTIONS

- Develop and implement strategies for the investment of cash reserves, long-term investment portfolios and various sinking funds of the Government and a number of its agencies.
- Assist in maintaining an orderly market for publicly-traded securities issued and/or guaranteed by the Province of Alberta.
- Provide investment research as input to investment strategies and the execution of investment transactions.
- Major funds and types of investments managed by the Investment Management Division as of March 31, 1986, are described below.
  - — **General Revenue Fund (GRF)**
    The GRF provides for the basic liquidity requirements of the Government.
  - — **Pension Fund**
    With investments of $2.9 billion at year end, the Pension Fund was the largest single fund under the division's management. It is invested in a broad range of assets designed to assist the Province in meeting its obligations under various public sector pension plans.
  - — **Consolidated Cash Investment Trust Fund (CCITF)**
    This cash management facility provides participants (about 180) with the benefits of fully-invested cash balances along with full liquidity. Investments are concentrated in high-grade, short-term securities.
  - — **AHSTF Section 10**
    Funds which have not been invested under one of the investment divisions of the Heritage Fund are managed under Section 10 of the Alberta Heritage Savings Trust Fund Act. These monies are invested in a variety of marketable fixed income securities to provide liquidity while, at the same time, enhancing the return on funds not yet committed to other divisions.
  - — **AHSTF Commercial Investment Division**
    This division, which commenced operations in 1981-82, seeks to attain commercial rates of return through equity investments. The broadly based portfolio of Canadian equities and convertible debentures was expanded during the year to a closing level of $208 million. The remainder of the $217 million portfolio is in high-quality, short-term instruments.
  - — **Workers' Compensation Fund**
    This fund provides for long-term disability and pension benefits arising from industrial accidents.
  - — **Endowment Funds**
    The Medical Research Endowment Fund supports research sponsored by the Alberta Heritage Foundation for Medical Research. The Alberta Heritage Scholarship Trust Fund provides for a wide range of scholarships for Albertans.
  - — **Deposits Fund (Alberta Treasury Branches)**
    Day-to-day cash balances of the Treasury Branches are invested in high-grade, short-term securities.

— **Sinking Funds**
Sinking fund operations for the Alberta Municipal Financing Corporation, Province of Alberta, Alberta Resources Railway and the Alberta Universities Commission provide for the eventual retirement of the issues, as well as marketability for current holders of the securities issued by these bodies.

YEAR IN REVIEW

- Integrated the new Fundtrac management information system into the day-to-day operations.
- Developed and implemented a number of new software programs to assist in investment decision-making.
- Reorganized the management structure to handle the growing requirements of an increasingly diversified investment portfolio.

BANKING AND CASH MANAGEMENT

FUNCTIONS

- Manage the banking operations of the provincial government and designated boards and agencies. Monitor the organization of provincial banking to ensure that effective cash management practices such as funds collection systems, payments systems and cash concentration systems are in place for optimal cash utilization.
- Provide effective methods of making government payments in foreign currencies. Maintain a high level of cash management expertise to be available to independent corporations, boards and agencies.
- Project and analyse all government cash flows, including the Consolidated Cash Investment Trust Fund (CCITF), in order to prepare cash flow forecasts on a daily, weekly and monthly basis to assist investment and debt management decisions.
- Administer the CCITF system, including banking arrangements, balancing, monthly and quarterly reports and earnings distribution.
- Monitor receipt of investment income and deposit all income received to proper accounts.

YEAR IN REVIEW

- Maintained and expanded banking arrangements for financing of Crown corporations through the Provincial Corporation Loan Fund and assisted Crown corporations on banking matters related to public debt issues.
- In conjunction with other areas of Treasury, developed and implemented improved systems for handling investment income receivable.
- Assisted several Crown corporations in the collection of investment income.
- In conjunction with the Office of the Controller and responsible departments, implemented additional direct deposit systems such as Widow's Pension.
- Continued development of contractual arrangements with financial institutions for a variety of banking services including specialized services such as debt administration, securities administration, and funds transfers.
- Continued improvement in cash management practices, particularly through improved revenue collection systems and utilization of account balances.
- Assisted several boards and agencies in implementing new cash management practices and preparing requests for proposals for banking services.
- In conjunction with other areas of Treasury and other departments, expanded the use of credit cards used for payment for government services.

INVESTMENT ADMINISTRATION AND SYSTEMS

FUNCTIONS

- Arrange for the settlement of investment transactions for the General Revenue Fund, the Alberta Heritage Savings Trust Fund, the Consolidated Cash Investment Trust Fund, the Pension Fund and other investment funds.
- Provide investment control, accounting and information reporting services for the above funds by operating the Investment Information System (Fundtrac), the Consolidated Cash Investment Trust Fund System and other computer and manual systems.
- Manage the ongoing maintenance and development of systems to support the control, accounting and management information functions of Treasury's finance and investment activities.
- Act as transfer agent and registrar for debentures issued by the Province of Alberta, the Alberta Municipal Financing Corporation, the Alberta Universities Commission, Governors of the University of Alberta, The Alberta Resources Railway Corporation and the Alberta Government Telephones Commission.
- Administer interest payments on fully registered debentures and account for matured coupons and redeemed debentures for publicly-held securities.
- Provide a central safekeeping service to government departments. Facilitate the initial distribution of certificates on new debenture issues.
- Provide control on the issuance of Treasury Bills and Promissory Notes and account for the matured certificates.

YEAR IN REVIEW

- Settled approximately 9,400 investment and debt transactions during the year. Processed 2,000 safekeeping transactions and approximately *2,000 transactions as transfer agent and registrar.
- Completed implementation of the new Investment Information System (Fundtrac). This new system incorporates Market Valuation and Performance Measurement systems which were previously separate systems.
- Developed and implemented an automated Safekeeping System using microcomputer technology.
- Completed a Forecasting System for Heritage Fund cashflows.
- Completed the initial distribution and laydown of a new $150 million Alberta Government Telephones debenture issue to the public.
- Completed contractual agreements with a trust agent for registrar and transfer agent services on the newer Alberta Municipal Financing Corporation and Alberta Government Telephone issues.

RISK MANAGEMENT AND INSURANCE

FUNCTIONS

- Continue evolution and administration of a comprehensive means for managing the risk and protecting the assets of government and other entities included in the overall program.
- Risk Identification — determine the possible and probable risk exposures of entities within the program, using statistical methods as well as investigation and forecasting.
- Risk Assumption — assess the expected frequency and severity of loss using empirical data and trend analyses, taking into account factors such as increases in loss costs. Establish, for each class of insurable risk, a basis aggregate value of losses that will be expected/assumed as tolerable within financial capability.
- Risk Control — analyse participants' loss experience by using statistics developed within the division in connection with data obtained through both specific and routine field inspections. Develop and implement loss control practices based on findings.
- Risk Transfer — facilitate transfer of risk contractually to parties other than insurance companies. Where cost effective, arrange to transfer otherwise non-transferable unexpected and severe accidental losses, above the accepted risk assumption levels, to insurers.
- Provide guidance to participants on how risk can be reduced and/or transferred via the wordings of their agreements with other parties.

- Adjust, or monitor the adjusting of, all insurable losses of the Crown and included entities, whether the losses are insured, self-assumed or, in some cases, uninsured.
- Recoveries — prepare documentation on and negotiate recovery of monies due from government insurers and other parties responsible for loss or damage caused to the Crown.

YEAR IN REVIEW

- Claims statistics for automobile files up to five years in the past, plus three years of property, general liability and crime claims files were added to our data processing information.
- A difficult insurance market resulted in extensive negotiations and information preparation.
- A proposal for a new financial plan, including a regulated fund, was prepared.
- Extensive work with committees such as: XV Olympic Winter Games Organizing Committee (OCO '88), municipality liability, environment liability, and public safety services disaster relief.
- A very successful training seminar on sprinkler services was conducted through the Insurance Advisory Organization.
- A revised automobile loss analysis was completed and submitted to all program participants.
- A fleet safety program was prepared.
- A review was conducted of all participants in the Risk Management and Insurance program for the purpose of amending the named insured and cost sharing on the part of designated entities.
- Revised administrative procedures were introduced to all lending institutions for matters of insurance handling.
- The insurance industry difficulties resulted in a review of the departmental requirements for the employment of sub-contractors, professionals and course of construction insurance programs.

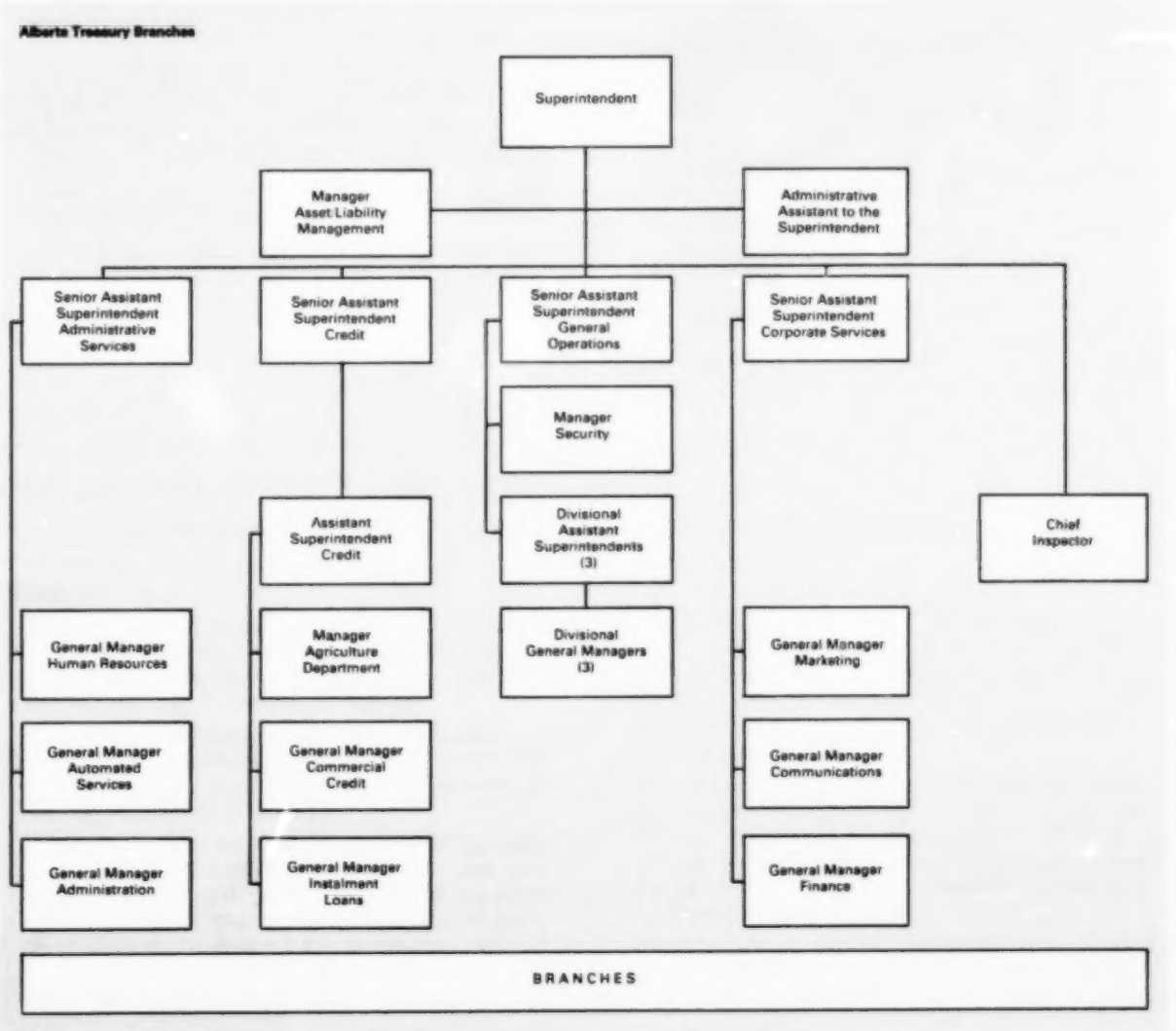
III. ALBERTA TREASURY BRANCHES

Superintendent: A.O. Bray

FUNCTIONS

- The major function of Treasury Branches is to operate a system of branch offices and agency outlets to provide Albertans access to a full range of modern financial services at reasonable costs.
- Primary responsibilities include:
  - — accepting money on deposit
  - — loaning money to the public
  - — providing domestic and international money services for consumer and corporate needs
  - — furnishing safekeeping facilities, credit card services, utility bill remittances, and related sundry financial services
  - — conducting a profit-oriented operation for the benefit of all Albertans

Note: A comprehensive review is published annually with extensive detail on the financial operations and activities of Alberta Treasury Branches. Copies may be obtained from any of the branches or agencies or from the Head Office at the Ninth Street Building (9925 - 109 Street, Edmonton, T5J 2N6) or by calling 427-2721.



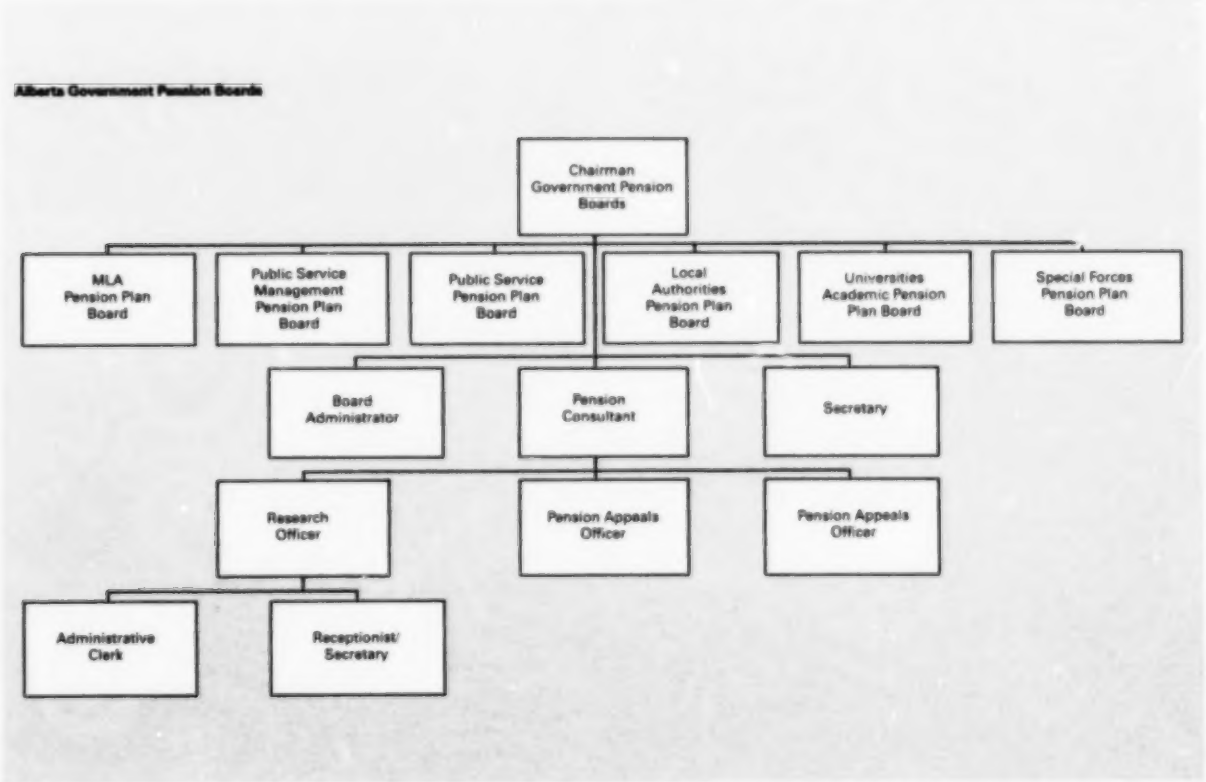
IV. ALBERTA GOVERNMENT PENSION BOARDS

Chairman: J.E. Faries

FUNCTIONS

- Provides administrative services to the six Pension Plan Boards relative to hearing of appeals of parties aggrieved by decisions of the Minister of Pensions in relation to the administration of the six pension plans.
- Prepares background information so that the Board can consider extensions to time limits, in accordance with the legislation, imposed under the Plan, on application by the member.
- Obtains input from employee and employer groups affected by the pension plans, by input from the representative members on the Boards and through independent research methods.
- Conducts research in federal and provincial legislation across Canada with a view to assist the Pension Plan Boards in their deliberations.
- In accordance with legislation, develops proposals for the Board to advise the Minister of Pensions on such matters as adequacy of pension contributions, cost of living adjustment to pensions, rate of interest, plan benefits, reciprocal agreements, recognition of prior service, eligibility and participation in the plan, and actuarial tables provided by the Minister.

Note: The Alberta Government Pension Boards Annual Report can be obtained from 12th Floor, Legislature Annex, 9718 - 107 Street, Edmonton, Alberta, T5K 2B7, or by calling 427-7105.



APPENDIX A

ACTS ADMINISTERED BY ALBERTA TREASURY

Alberta Corporate Income Tax Act
Alberta Energy Company Act
Alberta Heritage Savings Trust Fund Act
Alberta Income Tax Act
Alberta Municipal Financing Corporation Act
Appropriation Acts
Chartered Accountants Act
Civil Service Garnishee Act
Financial Administration Act
Fuel Oil Administration Act
Government Emergency Guarantee Act
Government Land Purchases Act
Insurance Corporations Tax Act
Local Authorities Pension Plan Act (see note 1)
Members of the Legislative Assembly Pension Plan Act
Municipal Debentures Act
Pari Mutuel Tax Act
Pension Fund Act
Public Service Administrative Transfers Act
Public Service Management Pension Plan Act (see note 2)
Public Service Pension Plan Act (see note 3)
Special Forces Pension Plan Act
Statistics Bureau Act
Tobacco Tax Act
Treasury Branches Act
Universities Academic Pension Plan Act
Utility Companies Income Tax Rebates Act

Notes:

1. Proclamation (O.C. 707/85) repealed Local Authorities Pension Act except sections 1(b) and 11.
2. Proclamation (O.C. 709/85) repealed Public Service Management Pension Act except sections 1(c), 2 and 9(4).
3. Proclamation (O.C. 710/85) repealed Public Service Pension Act except sections 1(c) and 10(4).

APPENDIX B

PUBLICATIONS AVAILABLE FROM ALBERTA TREASURY

Many branches and divisions of Alberta Treasury publish information about their programs and operations. The following publications are available from:

•i Support Services and Publications, Rm. 302, Terrace Building (9515 - 107St., Edmonton, T5K 2C3) or by calling 427-9957:

Alberta Treasury Annual Report
Alberta Budget Documents
  Budget Highlights
  Budget Address
  Government Estimates
  Supplementary Information Element Details
  Legislative Assembly Estimates
  Capital Fund Estimates
  Program Structure Chart
Public Accounts
  Volumes I and II
  Supplementary Information to the Public Accounts
  Financial Summary and Budgetary Review
Alberta Heritage Savings Trust Fund Annual Report
Alberta Heritage Savings Trust Fund Quarterly Reports
Alberta Heritage Savings Trust Fund Capital Projects Division - Estimates of Proposed Investment
Alberta Heritage Savings Trust Fund Capital Projects Division - Estimates of Proposed Investments (II)
Alberta Heritage Savings Trust Fund Capital Projects Division - Supplementary Estimate of Investment (A)
Alberta Municipal Financing Corporation Annual Report

•ii The Alberta Bureau of Statistics, Information Services at the Sir Frederick W. Haultain Building (7th Floor, 9811 - 109 Street, Edmonton, T5K OC8) or by calling 427-3058.

TITLE	FREQUENCY
Alberta Statistical Review	Quarterly
Alberta Quarterly Population Growth	Quarterly
Alberta Retail and Service Trade Statistics	Annual
Alberta Principal Manufacturing Statistics	Annual
Alberta Economic Accounts	Annual
Alberta Population Projections	Occasional
Alberta Census Division Population Projections	Occasional

•iii Tax Information Services at the Sir Frederick W. Haultain Building (9811 - 109 Street, Edmonton, T5K 2L5) or by calling 427-0712. (Alberta Zenith 22143)

Corporate Tax Administration Publications:

TITLE	FREQUENCY
Introduction to Alberta's Corporate Income Tax	Occasional
Tax Notes	Occasional
Information Circulars	Occasional
Interpretation Bulletins	Occasional
Tax forms and guides to their completion	Occasional
Alberta Stock Savings Plan	Occasional

Revenue Administration Publications:

TITLE	FREQUENCY
Information Circulars (Fuel Oil Administration Act)	Occasional
Information Circulars (Tobacco Tax Act)	Occasional
Pull Ahead With Alberta Purple	Occasional
Farm Vehicles—License Plates and Marked Fuel	Occasional

APPENDIX C

EXECUTIVE OF THE DEPARTMENT

AT MARCH 31, 1986

Provincial Treasurer	**Hon. Lou Hyndman**
Deputy Provincial Treasurer - Management and Control	**A.D. O'Brien**
Controller	A. G. Heisler
Accounting	R.A.G. Lowen
Disbursement Control	T.W. Burns
EDP Systems Support	F. Hartmann
Payroll and Pensions	E.J. Wilcox
Policies and Procedures	M.H. Mylod
Assistant Deputy Provincial Treasurer - Budget and Fiscal Policy	G.L. Duncan
Budget Bureau	G.G. Trogen
Budget Planning and Economics	L.G. Morrison
Tax Policy	L.H. Landry
Bureau of Statistics	H.W. Ford
Administration	M.D. Faulkner
Deputy Provincial Treasurer - Finance and Revenue	**A.J. McPherson**
Assistant Deputy Provincial Treasurer - Finance Programs	J.M. Drinkwater
Finance Planning and Analysis	R.A. Bhatia
Corporate Management Services	H.H. Strohbach
Loans and Guarantees	G. Kinsman
Chief Investment Officer, Investment Management	S.J. Susinski
Debt Securities	M. Husken
Equities	J. Campbell
Portfolio Research	R.C. Kamp
Assistant Deputy Provincial Treasurer - Revenue	A.H. Kalke
Executive Director, Corporate Tax Administration	J.D. Peters
Audit	C. Calarco
Interpretations and Appeals	J.R. Allan
Operations	L.M.L. Rokosh
Systems	J.W.K. Parton
Revenue Administration	L. Huisman
Tax Information Services	C.J. Ward
Banking and Cash Management	D.R. Bishop
Investment Administration and Systems	J. Parihar
Risk Management and Insurance	D. Murray
Superintendent, Alberta Treasury Branches	**A.O. Bray**
Chairman, Alberta Government Pension Boards	**J.E. Faries**